

Message Text

PAGE 01 NATO 03852 191646Z

43

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 INR-07 L-03 ACDA-05

NSAE-00 PA-01 PRS-01 SP-02 USIA-06 TRSE-00 SAJ-01

SS-15 NSC-05 DODE-00 EB-07 /069 W

----- 129821

R 191515Z JUL 75

FM USMISSION NATO

TO SECSTATE WASHDC 2795

INFO AMEMBASSY BERLIN

AMEMBASSY BUDAPEST

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

C O N F I D E N T I A L USNATO 3852

E.O. 11652: GDS

TAGS: NATO, ECON, UR, XH

SUBJECT: NAC DISCUSSION OF ECONOMIC COMMITTEE REPORT ON SOVIET
AND EAST EUROPEAN ECONOMIES

REF: A. NATO DOCUMENT C-M(75)39

B. STATE 159780

BEGIN SUMMARY: THE NAC ON JULY 18 DISCUSSED THE ECONOMIC
COMMITTEE'S REPORT ON DEVELOPMENTS IN THE USSR AND EASTERN EUROPE
AND TASKED THE ECONOMIC AND POLITICAL COMMITTEES TO STUDY
JOINTLY THE POLITICAL IMPLICATIONS OF SOVIET TRADE WITH EASTERN
EUROPEAN COUNTRIES. END SUMMARY

1. AT JULY 18 NAC ECONOMIC COMMITTEE CHAIRMAN (BILLY) NOTED THAT
THE RECENT EXPERTS MEETING ON THE CZECH, HUNGARIAN, AND GDR
ECONOMIES CONFIRMED THE FINDINGS AND GENERAL OUTLOOK OF THE
COMMITTEE'S REPORT ON DEVELOPMENTS IN THE USSR AND EASTERN
EUROPE.

CONFIDENTIAL

PAGE 02 NATO 03852 191646Z

2. AMBASSADOR SVART (DENMARK) COMMENTED THAT THE DANISH EMBASSY IN
MOSCOW CONCURRED WITH THE REPORT'S ANALYSIS AND CONCLUSIONS.
SVART EMPHASIZED THE CONSEQUENCES FOR WESTERN TRADE FROM THE
RESTRUCTURING OF SOVIET AND EAST EUROPEAN FOREIGN TRADE PATTERNS

AND FROM INCREASING SOVIET DOMINATION OVER EAST EUROPEAN ECONOMIES (REF A, PARA 6 AND 23). SVART NOTED THAT EXPORTS FROM FRG, FRANCE, UK AND DENMARK TO THE USSR INCREASED 52-55 PERCENT IN THE FIRST QUARTER 1975 COMPARED TO THE SAME QUARTER 1974.

3. AMBASSADOR BRUCE COMMENDED THE COMMITTEE'S REPORT AND EXPRESSED U.S. INTEREST IN LEARNING THE VIEWS OF OTHER NATIONS ON THE EXTENT TO WHICH THE USSR HAS EXPLOITED OTHER WARSAW PACT ECONOMIES (REF B).

4. DE STAERCKE (BELGIUM) REPORTED THAT GROMYKO HAD EXPRESSED INTEREST TO PRIME MINISTER TINDEMANS IN MOSCOW CONCERNING THE ESTABLISHMENT OF SOVIET CONTACTS WITH THE EC. BILLY REFERRED TO THE EASTERN EUROPEAN COUNTRIES' NEED TO INCREASE THEIR EXPORTS IN ORDER TO PAY FOR INCREASED PRICES OF ENERGY AND RAW MATERIALS. BILLY ADDED THAT EASTERN EUROPEAN ECONOMIES ALSO SUFFER FROM A SHORTAGE OF MANPOWER, LOW PRODUCTIVITY, INSUFFICIENT INVESTMENT, POOR MANAGEMENT AND THE BEGINNING OF INFLATION. IN REPLY TO CHAIRMAN'S (PANS) QUESTION ABOUT EASTERN EUROPEAN REACTIONS TO THE SOVIET DECISION TO INCREASE OIL PRICES BY 120-150 PERCENT, BILLY SAID THAT, THOUGH THE ECONOMIC COMMITTEE IS NOT WELL INFORMED ON THIS, THE EAST EUROPEAN COUNTRIES MUST NOW INCREASE EXPORTS TO THE USSR AND ARE THUS MORE DEPENDENT ON THE USSR.

5. U.K. CHARGE (LOGAN) BELIEVED THE SOVIET UNION HAD A TRADE SURPLUS WITH THE WEST, BUT NOT WITH HARD-CURRENCY AREAS (PARA 9, REF A) AND THAT THE TERMS OF TRADE ARE NOW TURNING AGAINST THE USSR. BILLY REPLIED THAT THE PRESENT SOVIET TRADE SURPLUS WAS ONLY \$15 MILLION. LOGAN NOTED THAT THE PRESENT SITUATION IN POLAND IS NOT SIMILAR TO 1970, WHEN MEAT SHORTAGES SPARKED RIOTING (PARA 20).

6. MENZIES (CANADA) OPINED THAT SOVIET ECONOMIC EXPLOITATION OF EASTERN EUROPEAN NATIONS MIGHT INCREASE OPPORTUNITIES FOR WESTERN TRADE WITH EE COUNTRIES SEEKING RELIEF FROM SOVIET PRESSURE. MENZIES WONDERED HOW THE WEST SHOULD RESPOND IF ROMANIA USED ITS APPEAL FOR HUMANITARIAN AID AFTER THE FLOODING TO GAIN GREATER CONFIDENTIAL

PAGE 03 NATO 03852 191646Z

ACCESS TO WESTERN COMMERCIAL AND CREDIT MARKETS. U.K. REP NOTED THAT HUMANITARIAN AID GIVEN AFTER 1970 FLOODING HAD NOT HAD ANY SIGNIFICANT IMPACT ON ROMANIAN ECONOMY. CHAIRMAN SUGGESTED AND COUNCIL AGREED THAT THE ECONOMIC AND POLITICAL COMMITTEES SHOULD UNDERTAKE A JOINT STUDY OF THE POLITICAL IMPLICATIONS OF SOVIET TRADE WITH EASTERN EUROPE.

7. HARTOGH (NETHERLANDS) REMINDED ECONOMIC COMMITTEE OF ITS STUDY ON WESTERN CREDITS TO THE USSR AND SUGGESTED NEED FOR MORE WESTERN CONSULTATION ABOUT TECHNOLOGY TRANSFERS TO THE USSR. THE CHAIRMAN SAID THE COMMITTEE STUDY IS IN THE PRELIMINARY STAGE. BILLY ADDED THAT THE ECONOMIC COMMITTEE WILL NOW TAKE UP THE QUESTION OF WESTERN TECHNOLOGY TRANSFERS TO THE EAST. BRUCE

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 18 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 19 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NATO03852
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: n/a
From: NATO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197507102/abbrzlcr.tel
Line Count: 110
Locator: TEXT ON-LINE
Office: n/a
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. NATO DOCUMENT C-M(75)39 B. STATE 159780
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 30 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 APR 2003 by MartinML>; APPROVED <01 MAY 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NAC DISCUSSION OF ECONOMIC COMMITTEE REPORT ON SOVIET AND EAST EUROPEAN ECONOMIES
TAGS: NATO, ECON, UR, XH
To: STATE INFO BERLIN
BUDAPEST
BUCHAREST
MOSCOW
PRAGUE
SOFIA

WARSAW

Type: TE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006